

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PARINGA RESOURCES LIMITED

(Exact name of registrant as specified in its charter)

Australia
(State or Other Jurisdiction
of Incorporation or Organization)

N/A
(I.R.S. Employer
Identification No.)

**28 West 44th Street, Suite 810
New York, NY 10036**
(Address of Principal Executive Offices, Zip Code)

**Paringa Resources Limited Performance Rights Plan
Paringa Resources Limited Incentive Options**
(Full title of the Plan)

Bruce Czachor
General Counsel, Paringa Resources Limited
**28 West 44th Street, Suite 810
New York, NY 10036**
(Name and address of agent for service)

(812) 406-4400
(Telephone number, including area code, of agent for service)

Copy to:
John Gaffney
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
(212) 351-4000

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|---|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

| Title of Securities to be Registered (1) | Amount to be Registered ⁽²⁾ | Proposed Maximum Offering Price Per Share ⁽³⁾ | Proposed Maximum Aggregate Offering Price ⁽³⁾ | Amount of Registration Fee |
|--|--|--|--|----------------------------|
| Ordinary shares, no par value | 25,000,000 | \$0.2076 | \$5,190,000 | \$629.03 |

(1) In addition to covering the number of shares of ordinary share, no par value (the “Ordinary share”) of Paringa Resources Limited (the “Company” or “Registrant”) stated above, pursuant to Rule 416(c) under the Securities Act of 1933, as amended (the “Securities Act”), this registration statement also covers an indeterminate number of options and other rights to acquire ordinary

shares that may be granted pursuant to the compensatory stock plan listed above.

- (2) Pursuant to Rule 416(a) under the Securities Act, there are also being registered such additional ordinary shares that become available under the foregoing plan in connection with changes in the number of shares of outstanding ordinary shares because of events such as recapitalizations, stock dividends, stock splits and reverse stock splits, and any other securities with respect to which the outstanding shares of ordinary shares are converted or exchanged.
 - (3) Estimated in accordance with Rule 457(c) solely for purposes of calculating the registration fee. The maximum price per Security and the maximum aggregate offering price are based on the average of the \$10.38 (high) and \$10.38 (low) sale price of the Registrant's American Depositary Shares (symbol PNRL) as reported on the NASDAQ on October 26, 2018, which date is within five business days prior to filing this Registration Statement, as adjusted for the 50:1 deposit ratio of American Depositary Shares to ordinary shares.
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PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information required by this Part I has been omitted from this Registration Statement pursuant to the Note to Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant with the Securities and Exchange Commission (the "Commission"), are incorporated by reference herein and shall be deemed to be a part hereof:

- the Company's annual report on Form 20-F, filed on October 31, 2018; and
- the description of the Company's ordinary shares contained in its registration statement on Form 20-F filed pursuant to Section 12 of the Exchange Act on March 16, 2018 and any amendment or report filed with the Commission for the purpose of updating the description.

In addition, all documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14, and 15(d) of the Exchange Act, on or after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities being offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated herein by reference and to be a part hereof from the dates of filing of such documents. Any statement contained in a document incorporated, or deemed to be incorporated, by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

The Company hereby incorporates by reference herein the description of its ordinary shares contained in its Amendment No. 1 filed pursuant to Section 12 of the Exchange Act on September 21, 2018 to the registration statement on Form 20-F filed pursuant to Section 12 of the Exchange Act on September 4, 2018 and any amendment or report filed with the Commission for the purpose of updating the description.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Constitution

The Company's Constitution requires the Company to indemnify, to the extent permitted by law, each director and officer for all losses or liabilities incurred by the person as a director or officer of the Company or a related corporate entity including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis. The Constitution also authorizes the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance against liability and losses incurred by directors and officers.

Agreements and Insurance

The Company has entered into Deeds of Indemnity, Insurance and Access with each of its directors. The Company has agreed to indemnify each Director against all liabilities incurred while holding office, including indemnifying Directors for any legal expenses incurred in defending proceedings relating to their Directorship of the Company. Any indemnified amounts must be repaid to the Company to the extent that a Director is reimbursed from an insurance policy maintained by the Company for the Directors. The Company also has to obtain and pay the premiums for insurance policies for each Director, which may include run-off cover for each Director for a period of seven years after the Director ceases to hold office.

Australian Corporations Act

Section 199A of the Australian Corporations Act provides that a company or a related body corporate of a company must not indemnify a person (whether by agreement or by making a payment and whether directly or through an interposed entity) against any of the following liabilities incurred as an officer or auditor of the company:

- a liability owed to the company or a related body corporate; or
 - a liability for a pecuniary penalty order or compensation order under specified provisions of the Australian Corporations Act; or
 - a liability that is owed to someone other than the company or a related body corporate and did not arise out of conduct in good faith; or
 - legal costs incurred in defending an action for a liability incurred as an officer or auditor of the company if the costs are incurred:
 - in defending or resisting proceedings in which the person is found to have a liability for which they could not be indemnified as set out above; or
 - in defending or resisting criminal proceedings in which the person is found guilty; or
 - in defending or resisting proceedings brought by the Australian Securities and Investments Commission (ASIC) or a liquidator for a court order if the grounds for making the order are found by the court to have been established (this does not apply to costs incurred in responding to actions taken by ASIC or a liquidator as part of an investigation before commencing proceedings for the court order); or
 - in connection with proceedings for relief to the person under the Australian Corporations Act in which the court denies the relief.
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Section 199B of the Australian Corporations Act provides that a company or a related body corporate must not pay, or agree to pay, a premium for a contract insuring a person who is or has been an officer or auditor of the company against a liability (other than one for legal costs) arising out of:

- conduct involving a willful breach of duty in relation to the company; or
- a contravention of the director, secretary, officer, or employee's duties under the Australian Corporations Act not to improperly use their position or make improper use of information obtained as a director, secretary, officer, or employee to gain an advantage for themselves or someone else or cause detriment to the company.

For the purpose of Australian law as set out above, an "officer" of a company includes (but is not limited to):

- a director or secretary;
- a person who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the company;
- a person who has the capacity to significantly affect the company's financial standing; and
- a person in accordance with whose instructions or wishes the directors of the company are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the directors of the company).

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|-----------------------|---|
| 4.1 | Certificate of the Registration of Paringa Resources Limited (Incorporated herein by reference to Exhibit 1.1 to the Registrant's Registration Statement on Form 20-F filed on September 4, 2018 (File No. 001-38642)). |
| 4.2 | Constitution of Paringa Resources Limited (Incorporated herein by reference to Exhibit 1.2 to the Registrant's Registration Statement on Form 20-F filed on September 4, 2018 (File No. 001-38642)). |
| 5.1* | Opinion of DLA Piper. |
| 23.1* | Consent of Deloitte Touche Tohmatsu. |
| 23.2* | Consent of DLA Piper (included in Exhibit 5.1). |
| 23.3* | Consent of Marshall Miller & Associates, Inc. |
| 24.1* | Power of Attorney (included on signature page hereto). |
| 99.1* | Paringa Resources Limited Performance Rights Plan. |
| 99.2* | Form of Paringa Resources Limited Option Award Agreement. |

* Filed herewith.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on October 31, 2018.

PARINGA RESOURCES LIMITED

By: /s/ Todd Hannigan

Name: Todd Hannigan

Title: Interim Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Todd Hannigan and Bruce Czachor, and each of them severally, as his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution for him or her and in his or her name, place, and stead in any and all capacities to sign any and all amendments (including post-effective amendments and amendments filed pursuant to Rule 462(b) under the Securities Act of 1933) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or of his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|------------------|
| <u>/s/ Todd Hannigan</u> Todd Hannigan | Director and Interim Chief Executive Officer <i>(Principal Executive Officer and Authorized U.S. Representative)</i> | October 31, 2018 |
| <u>/s/ Dominic Allen</u> Dominic Allen | Vice President, Finance <i>(Principal Financial Officer and Principal Accounting Officer)</i> | October 31, 2018 |
| <u>/s/ Ian Middlemas</u> Ian Middlemas | Chairman | October 31, 2018 |
| <u>/s/ David Gay</u> David Gay | Director | October 31, 2018 |
| <u>/s/ Jonathan Hjelte</u> Jonathan Hjelte | Director | October 31, 2018 |
| <u>/s/ Richard McCormick</u> Richard McCormick | Director | October 31, 2018 |
| <u>/s/ Thomas Todd</u> Thomas Todd | Director | October 31, 2018 |



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The Directors
Paringa Resources Limited
Level 9, 28 The Esplanade
Perth WA 6000

Your reference

Our reference

EZL/EZL/369842/1
AUM/1218435858.4

October 31, 2018

Dear Sirs

PARINGA RESOURCES LIMITED – REGISTRATION STATEMENT ON FORM S-8

- 1 We have acted as Australian counsel to Paringa Resources Limited (**Company**) in connection with the Company's Registration Statement on Form S-8 (**Registration Statement**) to be filed under the U.S. Securities Act of 1933 with the U.S. Securities and Exchange Commission (**Commission**) for the registration of 25,000,000 of the Company's ordinary shares, no par value (**Shares**), issuable pursuant to the Company's Performance Rights Plan (**Plan**) and the Incentive Option Awards (**Awards**).
- 2 For the purposes of this opinion, we have, among other things, examined and relied upon:
 - 2.1 a copy of the Plan provided to us by the Company filed as Exhibit 99.1 to the Registration Statement, which we are instructed was approved by ordinary resolution of the Company's members at the Company's annual general meeting held on January 25, 2017;
 - 2.2 a copy of the Award provided to us by the Company filed as Exhibit 99.2 to the Registration Statement;
 - 2.3 such constituent documents and corporate records of the Company, including the constitution of the Company, as deemed necessary by us;
 - 2.4 a search of the public database maintained by the Australian Securities and Investments Commission on October 31, 2018; and
 - 2.5 such other documents, records and other instruments as we have deemed necessary in order to deliver this opinion.
- 3 Subject to the assumptions, qualifications, exclusions and other limitations which are identified in this letter, we are of the opinion:
 - 3.1 the Company is duly incorporated and validly existing under the *Corporations Act 2001* (Cth) as a company limited by shares;
 - 3.2 when issued pursuant to the Plan and the Awards, the 25,000,000 Shares will be validly issued, fully paid and non-assessable. The term "non-assessable" is not a term which is used for the purpose of Australian company law. The term "non-assessable" when used in relation to the Shares, means that no calls for further payment may be made upon those Shares or upon the holders of those Shares solely by reason of their ownership of the Shares

- 4 Except for the activities described in this letter, we have not undertaken any investigation to determine the facts upon which the opinion in this letter is based.
- 5 We have assumed for the purposes of this opinion:
- 5.1 the constitution of the Company reviewed by us is the constitution of the Company which will be in force when the Shares are issued under the Plan and the Awards;
 - 5.2 the Plan adopted, and the Awards granted, by the directors of the Company and approved by the Company's members is in the same form as the copy of the Plan and Award reviewed by us and is not subsequently amended, and is administered at all times in accordance with its terms;
 - 5.3 the directors of the Company have acted in accordance with their duties in causing the Company to adopt the Plan and grant the Awards, and have acted, and will act, at all times in accordance with their duties in resolving to grant any Performance Rights (as defined in the Plan) and options to acquire Shares, and to issue the Shares pursuant to the vesting of such Performance Rights under the Plan or exercise of options granted by the awards;
 - 5.4 all persons who are issued Shares under the Plan and Awards will have agreed to become members of the Company and their names will have been entered on the register of members of the Company;
 - 5.5 the circumstances affecting the Company at the time of issue of any Shares upon vesting of the Performance Rights or exercise of the options are not materially different to those prevailing at the date of this letter as known to us; and
 - 5.6 each document we have reviewed for the purposes of this letter is complete, each such document that is an original is authentic, each such document that is a copy conforms to an authentic original, and all signatures on each such document are genuine; and that the parties thereto, other than the Company, had and will have full legal capacity and the power, corporate or other, to enter into and perform all obligations thereunder, and that each such document was and at all material times will be duly authorised by all requisite corporate action of parties, other than the Company, and that (where applicable) such documents were duly executed and delivered by each party thereto, other than the Company.
- 6 In preparing this letter, we have relied without independent verification upon (i) information obtained from governmental authorities; (ii) factual information represented to be true in the Plan, Awards and other documents specifically identified at the beginning of this letter as having been examined by us; (iii) factual information provided to us by the Company and its subsidiaries and their respective representatives; and (iv) factual information we have obtained from such other sources as we have deemed reasonable.
- 7 We have assumed that there has been no relevant change or development between the dates as of which the information cited in the preceding paragraph was given and the date of this letter and that the information upon which we have relied is accurate and does not omit disclosures necessary to prevent such information from being misleading.
-

- 8 This opinion relates only to the laws of Western Australia (**Relevant Jurisdiction**) and the federal laws of Australia as they apply in the Relevant Jurisdiction as in force at 9.00 am (Perth time) on the date of this opinion (**Relevant Laws**). This opinion is limited to the matters referred to and is not to be construed as extending to any other matters.
- 9 This letter speaks as of the time of its delivery on the date it bears. We do not assume any obligation to provide any subsequent opinion or advice by reason of any fact about which we did not have knowledge at that time, by reason of any change subsequent to that time in any law, or for any other reason.
- 10 We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Gibson', written over a horizontal line.

SCOTT GIBSON
Partner
DLA PIPER AUSTRALIA

Direct +61 8 6467 6238

Scott.Gibson@dlapiper.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated October 31, 2018, relating to the consolidated financial statements of Paringa Resources Limited and its subsidiaries for the year ended June 30, 2018 appearing in the Registration Statement.

/s/ Deloitte Touche Tohmatsu

Perth, Australia
October 31, 2018

CONSENT OF MARSHALL MILLER & ASSOCIATES INC.

Marshall Miller & Associates, Inc. hereby consents to the references to our firm in this Registration Statement on Form S-8. We hereby further consent to the use in the Annual Report of information contained in our various reports dated February 2014, March 2015, November 2015, December 2015, November 2016 and March 2017 relating to estimates of certain coal reserves.

Marshall Miller & Associates Inc.

By: /s/ Justin Douthat

Name: Justin S. Douthat

Title: Vice President, Manager of Engineering

Dated: October 31, 2018

Paringa Resources Limited

Performance Rights Plan

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1. Definitions and interpretation

1.1 Definitions

In these Rules, unless the contrary intention appears, terms defined in the Corporations Act or the Listing Rules and not otherwise defined herein are deemed to have the meanings ascribed to them in the Corporations Act or Listing Rules (as the case may be), and:

ASIC means Australian Securities and Investments Commission.

ASX means Australian Securities Exchange.

Board means the Board of Directors of the Company as it may be constituted from time to time, or where appropriate, a committee of the Board.

Business Day has the same meaning as in the Listing Rules.

Code means the US Internal Revenue Code of 1986.

Company or Paringa means Paringa Resources Limited.

Corporations Act means the Australian *Corporations Act*, 2001 (Cth).

Eligible Contractor means a contractor engaged by the Company who is determined by the Board to be eligible to receive grants of Performance Rights under the Plan.

Eligible Employee means:

- (a) a full-time or permanent part-time employee of a Group Company;
- (b) a director or company secretary of a Group Company; or
- (c) any other person determined by the Board to be an Eligible Employee for the purposes of the Plan.

Fair Market Value means as of any given date, the fair market value of a Share on such date determined by such methods or procedures as may be established from time to time by the Board.

Group Company means any one of the Company or a subsidiary thereof.

Incentive Scheme means a share, performance right or option scheme extended to any or all of the employees, contractors and/or directors of the Company and its Related Bodies Corporate, and includes the Plan.

Listing Rules means the official listing rules of the ASX.

Participant means an Eligible Employee or Eligible Contractor who, at the relevant time, holds one or more Performance Rights.

Performance Conditions means, in relation to each Performance Right, the performance related conditions which must be satisfied or circumstances which must exist before a Performance Right can be exercised, as set out in the Performance Right Agreement.

Performance Period means the period during which Performance Conditions must be met.

Performance Right Agreement means the written agreement between the Company and the Eligible Contractor or Eligible Employee evidencing the grant of the Performance Right.

Performance Right means a right granted under these Rules to be issued or transferred one Share, subject to these Rules and the Performance Right Agreement.

Performance Right Share means, in respect of any Performance Right, the Share a Participant is entitled to subscribe for, or take a transfer of, by reason of the grant to him or her of that Performance Right, including any securities resulting from an adjustment made thereto pursuant to these Rules.

Plan means the Paringa Resources Limited Performance Rights Plan as administered in accordance with these Rules, and as the same may be amended from time to time.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Rules means these rules setting out the terms and conditions of the Plan, as amended from time to time.

Securities Dealing Policy means any policy established by the Company applicable to trading in securities of the Company.

Shares means fully paid ordinary shares in the capital of the Company.

1.2 Interpretation

- (a) Words importing gender mean each other gender; words denoting the singular include the plural and vice versa; headings are for convenience only and do not affect the interpretation of these Rules.
- (b) A reference to any statute or any section of any statute includes any statute or section amending, consolidating or replacing the statute or section referred to.
- (c) These Rules, the offer and grant of any Performance Right, and the issue or transfer of any Performance Right Shares shall at all times be subject to the Listing Rules, the Corporations Act and any other applicable laws.
- (d) A reference to an offer, issue or distribution to the Company's shareholders generally is a reference to an offer, issue or distribution to the generality of the Company's shareholders, whether or not such offer, issue or distribution is extended to the holders of other securities issued by the Company and whether or not such offer, issue or distribution excluded persons in particular places outside Australia or other minority groups who may for a particular reason be precluded from participating.
- (e) Where any calculation or adjustment to be made pursuant to these Rules, produces a fraction of a cent or a fraction of a share, the fraction shall be rounded to the nearest whole number, favourable to the Participant.

2. Establishment of the Plan

- (a) The purpose of the Plan is to:
 - (i) attract quality Eligible Employees and Eligible Contractors;
 - (ii) motivate and retain Eligible Employees and Eligible Contractors;
 - (iii) align the interests of Eligible Employees, Eligible Contractors and the Company;
 - (iv) increase shareholder value by motivating Eligible Employees and Eligible Contractors; and
 - (v) provide Eligible Employees and Eligible Contractors with an opportunity to share in the success of the Company by acquiring an ownership interest therein.
- (b) The Plan shall take effect from 19 November 2013.
- (c) The Plan shall operate in accordance with these Rules and the Performance Right Agreement, which shall bind each Participant.

3. Administration of the Plan

- (a) The Plan shall be administered by the Board which shall have the power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these Rules;
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Plan or any Performance Right Agreement; and
 - (iii) delegate such functions and powers as it may consider appropriate for the efficient administration of the Plan to a person or persons.
- (b) The Company, at the Board's discretion, may grant Performance Rights to Participants who are resident outside of Australia, and make rules, and determine procedures and documentation, for the operation of the Plan which are not inconsistent with these Rules to apply to Participants who are resident outside of Australia.
- (c) Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Performance Rights and in the exercise of any power or discretion granted to it by the Plan.

4. Grant of Performance Rights

- (a) The Company may, in its absolute discretion, from time to time offer to grant Performance Rights to any Eligible Employee or Eligible Contractor upon the terms set out in this Plan.
- (b) The number and terms of Performance Rights (if any) to be offered to any Eligible Employee or Eligible Contractor shall be determined by the Board in its discretion, subject to these Rules, and shall be set forth in a Performance Right Agreement.
- (c) Any offer of Performance Rights shall be personal and shall not be assignable other than as provided in the Performance Right Agreement.

- (d) The Board shall cause the Company to enter into a Performance Right Agreement for each offer of Performance Rights accepted by an Eligible Employee or Eligible Contractor, which shall specify the Performance Conditions, Performance Period and other similar terms attached to such Performance Rights. The Performance Right Agreement shall attach a copy of the Plan and any other documents required by the ASIC, the Corporations Act or the Listing Rules.
- (e) An Eligible Employee or Eligible Contractor who receives an offer of Performance Rights and wishes to accept it must deliver the signed Performance Right Agreement to the Company on or before the date specified in the offer.
- (f) Upon delivery to the Company of the signed Performance Right Agreement, the Company shall be deemed to have granted Performance Rights to that Eligible Employee or Eligible Contractor in accordance with the Performance Right Agreement and the Eligible Employee or Eligible Contractor shall become a Participant, bound by these Rules and the Performance Right Agreement.
- (g) The Performance Rights will not be listed on ASX.

5. Number of Performance Rights

An offer of Performance Rights may only be made under the Plan if the number of Shares that may be acquired on exercise of the Performance Rights, when aggregated with:

- (a) the number of Shares issuable if each outstanding Performance Right or incentive stock option to acquire unissued Shares was exercised into Shares pursuant to the Plan or any Incentive Scheme; and
- (b) the number of Shares issued pursuant to the Plan or any Incentive Scheme during the previous 3 years,

does not exceed 10% of the total number of issued Shares as at the time of the offer. For the avoidance of doubt, where a Performance Right or incentive stock option lapses without being exercised, the Shares concerned shall be excluded from any calculation under this clause.

6. Performance Conditions

- (a) A Performance Right granted under the Plan may contain Performance Conditions which will be specified in the Performance Right Agreement.
- (b) A Performance Right will not vest unless the Board determines that the relevant Performance Conditions have been satisfied during the relevant Performance Period. The vesting of a Performance Right may be based on the continued service of the Participant or on such other terms and conditions approved by the Board.

7. Right to Exercise Performance Rights

- (a) A Performance Right may be exercised in accordance with, and at any time during, the period specified in the Performance Right Agreement, provided that:
 - (i) the Performance Conditions in respect of the Performance Right have been satisfied within the relevant Performance Period;

- (ii) the vesting period (if any) in respect of the Performance Right has expired;
 - (iii) the issue or transfer of the underlying Performance Right Share does not contravene the Corporations Act, the Listing Rules or any Securities Dealing Policy; and
 - (iv) any other condition or term attached to that Performance Right has been satisfied in accordance with, and by the time specified in, these Rules or the Performance Right Agreement.
- (b) The procedure for exercise of Performance Rights shall be determined by the Board and set forth in the Performance Right Agreement.

8. Issue of Shares

8.1 Issue of Performance Right Shares

Subject to clause 1.2(c) and 7(a), upon due exercise of a Performance Right the Company must issue to, or transfer to, the Participant or his or her personal representative (as the case may be) the Performance Right Shares to which he or she is entitled under these Rules.

8.2 Share ranking

All Performance Right Shares will rank equally in all respects with all previously issued Shares at the time being on issue except as regards to any entitlements attaching to such Shares by reference to a record date that is prior to the date of allotment of the Performance Right Shares.

8.3 Listing of Shares on ASX

The Company will apply to the ASX for quotation of all Performance Right Shares issued under the Plan within the period required by ASX, if the Shares are then quoted on the ASX.

9. Rights and obligations of Participants

- (a) All Participants shall be entitled to the benefit of and shall be bound by the terms and conditions of these Rules, the Performance Right Agreement and any amendments thereto.
- (b) Whenever the Board exercises its discretion pursuant to these Rules and the Performance Right Agreement, the exercise of that discretion shall be in the sole and absolute discretion of the Board and each decision shall be conclusive, final and binding upon Participants.
- (c) The Plan shall not form part of any contract between a Group Company and any Participant and shall not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against a Group Company (other than the rights conferred upon such Participant under the Plan).
- (d) A Participant has no legal or equitable interest in a Share by virtue of acquiring a Performance Right. A Participant's rights under the Plan are purely personal and contractual.

- (e) This Plan:
- (i) does not confer on any Participant the right to continue as an employee or officer of the Company or any Related Body Corporate of the Company;
 - (ii) is separate to, and does not amend the terms of, employment of a Participant;
 - (iii) does not affect any rights which the Company, or any Related Body Corporate of the Company, may have to terminate the employment or office of a Participant; and
 - (iv) may not be used to increase damages in any action brought against the Company, or any Related Body Corporate of the Company, in respect of the termination of a Participant.

10. Termination, Suspension and Amendment

10.1 Termination, Suspension and Amendment

The Board may terminate, suspend or amend the Plan at any time subject to any resolution of the Company required by the Listing Rules.

10.2 Notice of amendment

As soon as reasonably practicable after suspending, terminating or amending the Plan the Board will give notice in writing of that occurrence to any Participant affected thereby.

11. General Provisions

- (a) Whenever the number or type of securities issuable upon exercise of a Performance Right is adjusted pursuant to these Rules, the Company shall give notice of the adjustment to the Participant and the ASX, as required, together with calculations on which the adjustment is based.
- (b) Any notice to be given by the Company to the Participant shall be taken to have been given if served personally on the Participant or left at his or her last known place of residence.

12. Governing Law

- (a) These Rules, each Performance Right Agreement and the rights and obligations of Participants shall be governed by and construed in accordance with the laws for the time being in force in the State of Western Australia.
- (b) Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of Western Australia.

13. Provisions Specific to United States

13.1 Applicable Laws

- (a) This Plan is provided by the Company and not by any of its indirect US subsidiaries (including any corporation that is a subsidiary corporation for purposes of section 424(f) of the Code.
- (b) Any Performance Rights granted to an Eligible Employee or Eligible Contractor residing in the US are subject to the applicable provisions of the Code and this clause 13.

13.2 Right to Exercise

- (a) If the provisions of clause 7 are satisfied, the issue of the Performance Right Shares must not occur later than March 15 of the year following the year in which the Performance Right vests. Such Performance Right Shares shall be issued subject to any conditions imposed by ASX.
- (b) Until the Performance Right Shares are issued to the Participant, the Participant shall have no rights as a shareholder.
- (c) No Performance Right shall be transferable by the Participant other than by will or by the laws of descent and distribution. The terms of the Performance Right Agreement shall be final, conclusive and binding upon the beneficiaries, executors, administrators, heirs and successors of the Participant.

13.3 Taxes

- (a) At the sole discretion of the Board, upon the vesting of a Performance Right, the Participant shall make arrangements to pay an amount equal to the applicable withholding taxes imposed under the Code and applicable state and local laws of the US. by either making payment to the Company prior to the issuance of the Performance Right Shares, or through payroll withholding after the issuance of the Performance Right Shares.
- (b) The Company's rights in clause 13.3(a) shall not relieve the Participant of the Participant's obligation to make satisfactory arrangements for satisfaction of withholding obligations as they become due. The ultimate liability for any and all taxes is and remains the Participant's responsibility and liability and the Company makes no representations or undertaking regarding the tax treatment of any grant, issuance or exercise of any Performance Rights or Performance Right Shares.

13.4 Code Section 409A Exempt Status.

- (a) The Performance Rights are exempt from Code section 409A as short term deferrals. A Participant's right to the Performance Rights is subject to the short-term deferral exception. No payment hereunder shall be accelerated, delayed or substituted with another payment nor have vesting accelerated to the extent such change in the rights granted hereunder cause the Performance Rights to fail to be exempt from Code section 409A.
- (b) To the extent that any Performance Right granted under this Plan is considered to be "nonqualified deferred compensation" as defined under Code section 409A, the Plan and Performance Right Agreement are intended to comply. Any term of the Plan or Performance Right Agreement that is determined to violate the requirements of Section Code 409A shall be void and have no force or effect.

13.5 US Securities Laws

- (a) The grant of the Performance Rights and any issuance of Performance Right Shares following vesting shall be in accordance with registration requirements of US federal and state securities law, or shall be in accordance with an exemption from those registration requirements.
- (b) Transferability of such Performance Rights and of the Performance Right Shares is subject to restrictions imposed by the applicable Performance Right Agreement, applicable US federal and state (and other) securities laws, and one or more restrictive legends will be placed on the share certificates. Such restrictive legends shall indicate that the Performance Right Shares were granted pursuant to this Plan and transfer of such Performance Right Shares is subject to the limitations in this Plan and the applicable Performance Right Agreement.
- (c) A Participant to which this clause 13 applies will be taken to acquire Performance Right Shares for the Participant's own account for investment and not with the view to any resale or redistribution thereof, and not on behalf of any other person.
- (d) A Participant to which this clause 13 applies will be taken to agree not to sell Performance Right Shares except in accordance with, or pursuant to, an exemption from the registration requirements of the Securities Act of 1933 and any applicable US state or other securities laws.

TERMS AND CONDITIONS OF INCENTIVE OPTIONS

1. Entitlement

Each Incentive Option (together the **Incentive Options**) entitles the holder (**Holder**) to subscribe for one ordinary share (**Share**) in Paringa Resources Limited (**Company**) upon exercise.

2. Exercise Price and Expiry Date

The exercise price of each Incentive Option is A\$[●] (**Exercise Price**). The expiry date of each Incentive Option is [●] (**Expiry Date**).

3. Exercise Period

Each Incentive Option is exercisable at any time after the date of grant of the Incentive Option and before the Expiry Date (**Exercise Period**).

4. Notice of Exercise

The Incentive Options may be exercised by notice in writing to the Company (Notice of Exercise) and payment of the Exercise Price for each Incentive Option being exercised. Any Notice of Exercise of an Incentive Option received by the Company will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Incentive Options rank equally with the then Shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Incentive Options.

7. Timing of issue of Shares and quotation of Shares on exercise

Within 15 Business Days after the later of the following:

- a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Incentive Option being exercised; and
- b) the earlier to occur of:
 - (i) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in clause 7a) above; or
 - (ii) the Holder elects that the Shares to be issued pursuant to the exercise of the Incentive Options will be subject to a holding lock for a period of 12 months in accordance with clause 8 below,

the Company will:

- c) allot and issue the Shares pursuant to the exercise of the Incentive Options;
-

- d) in the circumstances where clause 7(b)(i) applies, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares issued upon exercise of the Incentive Options for resale under section 708A(11) of the Corporations Act;
- e) in the circumstances where clause 7(b)(ii) applies, apply a holding lock in accordance with clause 8 in respect of the Shares issued upon exercise of the Incentive Options; and
- f) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Incentive Options.

8. Holding lock

- a) The Holder may make an election as set out in clause 7(b)(ii) at any time following delivery of a Notice of Exercise and payment of the Exercise Price for each Incentive Option being exercised.
- b) If the Holder makes an election pursuant to clause 7(b)(ii), then:
 - (i) the Company will apply a holding lock on the Shares to be issued;
 - (ii) the Company shall release the holding lock on the Shares on the earlier to occur of:
 - A. the date that is 12 months from the date of issue of the Shares; or
 - B. the date the Company issues a disclosure document that qualifies the Shares for trading in accordance with section 708A(11); or
 - C. the date a transfer of the Shares occurs pursuant to clause 8(b)(iii); and
 - (iii) the Shares shall be transferable by the Holder and the holding lock will be lifted provided that:
 - A. the offer of the Shares for sale does not require disclosure under section 707(3) of the Corporations Act;
 - B. the transferee warrants for the benefit of the Holder and the Company that they are an exempt investor pursuant to one of the exemptions in section 708 of the Corporations Act; and
 - C. the transferee of the Shares agrees to the holding lock applying to the Shares following their transfer for the balance of the period in clause 8(b)(ii).

9. Participation in new issues

There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holders of Incentive Options the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the Incentive Optionholder would have received if the Holder of Incentive Options had exercised the Incentive Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

11. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Incentive Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Incentive Option.

E = the number of underlying Shares into which one Incentive Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

12. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Holders of Incentive Options may be varied to comply the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

13. Quotation of Incentive Options

No application for quotation of the Incentive Options will be made by the Company.

14. Incentive Options Transferable

The Incentive Options are only transferable after they have vested and provided that the transfer of Incentive Options complies with section 707(3) of the Corporations Act.

15. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Incentive Options with the appropriate remittance should be lodged at the Company's Registry.
